



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

life in the future, but of something like what Spinoza meant by seeing things under the form of the eternal, or what the ancient Greek more simply indicated by the conception of Leisure. Leisure—the word from which our word “school” is derived—was for him the expression of the highest moments of the mind. It was not labor; far less was it recreation. It was that employment of the mind in which by great thoughts, by art and poetry which lift us above ourselves, by the highest exertion of the intelligence, as we should add, by religion, we obtain occasionally a sense of something that cannot be taken from us, a real oneness and centre in the universe; and which makes us feel that whatever happens to the present form of our little ephemeral personality, life is yet worth living because it has a real and sensible contact with something of eternal value.

B. BOSANQUET.

OXSHOTT, SURREY.

THE MODERN WORKMAN AND CORPORATE CONTROL.

THE economic world in which we live, like the world of nature, is a world of change. The changes in the economic forces and conditions to which human effort must adjust itself, especially in a dynamic epoch like that of the last century in the western world, appear almost meteoric in their rapidity and dazzling confusion. So large a section of human conduct must be measurably adjusted to these economic forces and conditions that it is no wonder that the principles of ethical and just conduct in our social relations now demand the most strenuous thought.

We are accustomed to having our attention called to the changes that have taken place in the position of the modern workman. Usually these changes are measured solely by their outward and visible results. The advance in wages, both relatively and absolutely; the material comforts and conveniences which the workman enjoys in his home; the mechanical

devices that have made the shop and factory not only less repulsive but oftentimes really attractive places in which to exercise one's activities; the shorter hours of work; the mechanical improvements in tools and machinery that have removed something of the drudgery of mere manual toil; the educational advantages in schools, libraries, public lectures and amusements, accessible to men with small incomes, and, in general, the higher plane of living to which the workman of the western world has attained, these are mentioned as the most significant factors in the labor problem and in what is called the "social problem." Is it not true, however, that these things, even when fully realized, and typical of average conditions, really throw very little light upon the problem of life as it presents itself to the workman? Do they measure his contentment, his development in character, his intellectual and spiritual outlook,—upon which his permanent welfare and his contribution to civilization depend,—or must we look back of these things and attempt rather to get at his own interpretation of the soul-struggle in which all this plays a relative part? Is it not then incumbent upon us to examine some of the significant recent changes in the industrial world in their bearing upon the personal relations and duties of intelligent workmen to themselves, to their families and to society?

Not much over a century ago the western world was ripe for rapid industrial expansion. The introduction of steam power and the mechanical inventions of the last quarter of the eighteenth century paved the way for the establishment of the large industry in the place of home production, and were to soon make possible a division of labor in the activities of the home, as productive of good results as the division of labor and greater specialization had been within the confines of industry itself. The change from house-production to factory-production made possible the removal from the home of many of the degrading influences incidental to the drudgery of daily toil, in which both women and children freely participated so long as it was centred in the house. This change also made possible, later on, a considerable elimination of women and young children from the ranks of industrial labor. The one thing

that restricted this process, rapid as it was, by which the large industry was evolved, was the lack of adequate capital. We see, therefore, especially in the writings of the classical English economists, the reasons for the emphasis laid upon capital as an instrument of production. Not only did these economists justify every protection thrown around the interests of capital in order to stimulate the growth of a large fund of national capital, but in their moralizing with respect to the standards of individual conduct, they put an equal emphasis upon the duty and rewards of saving. The young man was taught that his upward progress depended largely upon the amount of income he was able to put aside, not merely to provide against a "rainy day" or the uncertainty of the future, but in order that he might thus contribute in the most direct and positive way to the industrial prosperity of the community. This thought runs down through the greater part of the nineteenth century in England and America. It is the key to the interpretation of our educational as well as of our moral and ethical training. The results are manifest in the enormous supply of corporate capital in both countries at the close of the nineteenth century. Now we begin to hear notes of warning. A book recently appeared with the title "The Fallacy of Saving." The workman is told that his share in production and his continued prosperity in the opportunities of employment are furthered rather by his spending, in wise ways, his income upon himself and upon his family so as to raise his plane of living; to educate his children more highly, and to secure a better contact with his environment. Capital is so abundant that the opportunities for the profitable investment of small savings are very restricted. So many agencies exist to equalize, or perhaps I would better say to socialize, the risks of the future that there is no longer so strong an inducement to guard and hoard small savings. The great fund of capital, now almost unlimited in amount, is consolidated under the wisest direction and ever seeks new ventures that promise profits. The great Corporation and the Trust are the inevitable consequences of such a development. From the point of view of industry and from the point of view of production

they are no evil. They have simply enlarged the area of industrial territory already conquered, and have made competition sharper by reason of the skill and intellectual strength of the participants. They have made possible the better control of production; they have introduced important economies; they have reduced the stock of goods; they have brought about a more highly economic adaptation of supply to demand; they have made it possible to run factories full time and keep labor fully employed; but they have greatly changed the position of the workingman in relation to his employment.

The distance between the responsible head of a manufacturing concern and the men employed to make the product which it markets, is immeasurably greater than it was a few years ago. The duties of the president of a great corporation have become such that he must needs be protected from direct contact with the details of his business, and yet he must make and assume the responsibility for all important decisions relating to, it may be, an army of men in his employ. These decisions are greatly influenced by market considerations affecting the business in its relation to other industries, rather than by individual aspects of problems that affect merely his own plant. This means first, then, a loss of freedom of direct access to the employer on the part of the workman. It also means that the corporation must secure a higher type of workman susceptible of direction at long range, or by other subordinate officials with limited authority. It is these intermediate stages of direction that the trusts find most difficult to supply. The recent report of the Industrial Commission in its investigation of trusts, which constitutes one of its most important departments of inquiry, states that among the disadvantages of the large combinations in industry the most notable pointed out has been the difficulty of securing managers and superintendents who will take the same interest in the business that a private owner or manufacturer does. To accomplish this many of the larger concerns have already introduced a system by which not merely the higher officials, but also employes of all grades down to the ordinary day laborer, are paid for their services in part by an interest in

stock or other form of property-right in the business. Such practices only tend to emphasize the loss of freedom to the individual workman in the employ of great corporations. He may be better off in the amount of return he can get for his effort by taking part pay in an interest in the business, but he has become more closely identified with the business and is less free than formerly to shift to another employer or to another occupation.

The growth of corporations has inevitably led to the growth in the number of workmen under the direction of one employer. The consolidation of railroads, for instance, showed, two years ago, one corporation employing over 100,000 men, and seven employing between twenty and thirty thousand each, and these figures would be greatly increased at the present time. The large industrial consolidations show even more remarkable figures of the number of men aggregated under single corporate control. Of the great corporations perhaps the railways furnish the best illustration of the legal responsibility for accidents of employment, partly because legislation has more directly affected them and partly because of the excessive risks of employment incident to railroad work. Formerly the law held employers responsible only for injuries in which there was no contributory negligence on the part of the employé and for which a fellow employé was not responsible. The time has come when the change in the nature of employment necessitates a change in this rule. The law as it formerly stood may be best illustrated by a few leading cases. A standard case in the English courts is the decision of Lord Chief-Justice Abinger in 1837, in a case known as *Priestly vs. Fowler*. An employé of a butcher sued his employer for injuries received because he was directed to ride on a van which was overloaded and not in a proper state of repair. The van broke down; the plaintiff fell and was injured. The Court held that he could not recover damages on the ground that the employé must have known as well as his employer, and probably better, whether the van was sufficient; whether it was overloaded, and whether it was likely to carry him safely. Another case was that of a fireman employed by the South

Carolina Railroad Company, decided in 1838, which followed the principle laid down in the English case just referred to. The fireman was injured through the negligence of the engineer of the same train and the Court decided that the company was not liable for such injury, because the plaintiff knew and had equal opportunity with the company to inform himself concerning the ability of the engineer to perform the service required of him, and could have refused to work with an incompetent engineer. Most of the cases limiting the liability of employers on which the courts rely as precedents in determining these principles of law have been cases where the relations of employer, employé, and fellow-employés were intimate, personal relations such as those in domestic and household service. How does the case stand, however, if an engineer of a railroad train is injured or killed because of the negligence of a drunken switchman whom the company employed without due care to secure competent service in this department? Can an engineer be expected to inform himself concerning the ability of every switchman or of every one of perhaps a thousand men, upon whose faithfulness the safety with which he can run a train depends, or under such circumstances is he not entitled to the same consideration by the court, in holding his employer responsible, as a passenger on the train would be? The average railroad employé feels that he is and the public will probably justify this conclusion. If he is entitled to hold the company responsible for efficient service in other departments of what has hitherto been called "common employment" a change in our laws is necessary and has been rendered so by reason of changes in employment bringing large aggregations of employés together under a single corporate control. The English law has already recognized this principle more fully than we have in America, and in the Workingmen's Compensation Acts, covering a large number of employments, the English employer is now made practically the insurer of his workman against loss caused by injuries which may happen to them while engaged in his work quite apart from the question of the responsibility for such injuries, with the single exception that the workman himself

must not be guilty of contributory negligence. This legislation was first passed in 1880 and extended in 1897, and now covers even agricultural laborers and applies to eight out of fifteen general groups of industrial laborers. In England, alongside of the Workingmen's Compensation Acts, the old Employers' Liability Act of 1880 still remains in force and an injured workman often has a choice of remedies. He may proceed under the Employers' Liability Act, which more nearly resembles the Common Law, or he may appeal to the system of arbitration providing a remedy under the Compensation Acts. The principle of the Compensation Acts is an entirely new and startling one. The employer is made liable to compensate his workman for injury quite irrespective of whether or not he or any one for whose acts he is in law liable has committed any breach of duty to which the injury is attributable. It constitutes a sort of insurance fund maintained at the expense of the employer by which the risks of employment are to a limited amount carried for the workman. The general tendency in this country has been rather in the other direction. The old Common Law liability was direct and did give workmen a remedy for injuries for which they or their fellow-employés were not responsible. This remedy was perhaps adequate when men were employed in small groups. Where men are employed by tens of thousands and the courts are inclined to enforce the fellow-servant rule, as it is called, by which an employer is not responsible for an injury caused to one of his employés by a fellow employé, every addition to the number of men brought together under one corporate employer restricts the workman's freedom in another respect. He is more liable to sustain injuries due to the negligence of fellow employees. His risks have increased and he alone must bear the burden.

The new conditions which have arisen out of the growth of corporations have, however, made it necessary for the corporations to secure a relatively permanent and stable labor force. This change is again more clearly seen in connection with the railroads because of the quasi-public nature of the service which such corporations render. A railroad must

move its trains if possible. It cannot shut down its plant because of some trifling dispute with its employés. It must be able, therefore, to obtain and to hold an adequate labor force to carry on its business. To do this and to acquire a better hold over its men, as well as to make them more contented in their employ, many railroad companies have volunteered to carry some of the risks of employment by instituting railway relief departments. For a time some of the roads made membership in these railway relief departments compulsory, but since June 1, 1898, Federal legislation has made such practice illegal, and all that the companies can do now is to urge their men to join the relief departments, and in cases where there is a lack of disposition to do so, they can gradually dismiss employés who are not members of the relief departments and decline to employ those who do not at the time of their application for employment indicate their willingness to join the relief department. In the relief departments the employé pays a certain sum, which is deducted from his monthly wages and is proportionate to the amount of his wages, and to the amount of relief guaranteed. In return for this he receives a sick benefit of so much per week, depending upon the class of membership he selects, for a prescribed period, usually fifty-two weeks. In case of death or permanent disability a prescribed death benefit is paid to his legal representatives. The railroad company usually provides for the administration of this fund free of cost to the fund itself and pays interest on the balances held in the treasury. It also guarantees the obligations of the fund and frequently has to make up large deficits because the rates charged are not on the basis of ordinary insurance and do not usually provide for the accumulation of a reserve fund; hence the losses through sickness and accident in any given year may very considerably exceed the receipts. In a few of the larger railroad corporations the relief departments have, however, been able to accumulate a substantial surplus, which has been used for further projects in the interest of their members. Within the past few years several railroad corporations have, in addition to the railway relief departments, provided for pension and superannuation funds at

the entire cost of the corporation. At the same time they have reduced the age at which men are admitted to the service, and at the present time on almost all the roads of the United States it is impossible for a man to start in railway employment who is over 35 years of age. The pension features usually provide for the voluntary retirement of an employé at the age of 65 and compulsory retirement at the age of 70, upon a pension based upon a certain percentage of his average earnings during the last ten years of active employment; this percentage being multiplied by the number of years he has been in service. For instance, one large corporation, which has set aside \$300,000 a year, out of which these pensions are to be paid, gives each employé one per cent. of the average annual earnings of the last ten years of his active employment for each year he has been in the service of the corporation, so that a man 70 years of age, who had been in the employ of the corporation fifty years, would, upon his retirement, receive practically half-pay for the balance of his life. If the amount he was receiving at the date of his retirement was slightly in excess of the average for the last ten years, his pension would be somewhat less than half of his salary at the time of retirement. In neither the relief departments nor pension provisions is there any paid up or withdrawal value. In a relief department a man may have paid his monthly dues for a number of years, but if he leaves the service of the corporation he feels that he has lost that much income which he might have enjoyed, although, of course, he has had the protection which the fund gave him during the period of employment. He is less likely, however, to want to change his employment and thus be compelled to enter the relief department of another corporation at perhaps a higher rate of dues. Here again his freedom has been restricted. In this case his freedom of choice of employment is involved. Naturally the corporations have desired to secure this result as a return for their outlay in providing such funds.

A still further restriction of the rights of the employé is found in the provision in connection with membership in the railway relief departments, by which a workman accepting

the relief afforded by the department fund waives all claims to legal damages under the general terms of employers' liability. The courts have decided that he may choose between the two remedies open to him,—acceptance of the benefit of the relief fund, or a suit for legal damages,—but that he is not entitled to both.

The system of pensions, now adopted by several of the leading railways, is rapidly spreading in the industrial world. The large corporations are planning to do the same thing in employments where the risks are not so great. The tendency everywhere is the same, and the results also will be practically the same. We are rapidly approaching a condition of affairs in which the employes of large corporations will be compelled to choose their employment for life at a comparatively early age. They will find themselves tied up to the interests of the corporation in whose services they choose to work for the whole period of their industrial activity in life, and will find their freedom in certain respects curtailed. They will not, at least, enjoy that measure of freedom which the older economists who extolled the glories of free competition were accustomed to point out as efficient safeguards of the interests of the workman of that day. They will have lost something of a direct, personal relationship to their employers. They will have increased the risks of employment which they must carry; they may have lost the power of substitution of one employment for another, so essential under the conditions of unrestricted competition. If the workman's choices are wisely made he will have gained a great deal in efficiency; in the productiveness of his labor; in the skill with which his work is directed and utilized, which, of course, will have an effect upon his wages, and perhaps also in the extent to which certain of his risks are carried collectively, or entirely by other agencies. As stated, however, at the outset, no amount of improvement in his general condition will compensate for these losses if he feels the restraints of the new situation sufficiently to curb his energies and dampen his enthusiasms and hopes.

Are we not too prone to discuss the labor problem almost entirely from the side of the mechanical results of industrial

evolution, and is it not time that we turned our attention to the personality of the workman and asked ourselves whether there are compensations for the losses he has sustained which may be encouraged and strengthened? Probably the compensations are more than sufficient to make up for the losses, provided the average workman can be educated to take advantage of them.

The growth of corporations, the concentration of industry, with its reduced costs and its larger rewards, have created new labor problems; new conditions governing the output of effort for both employer and employé alike. They demand a new type of man and our system of education must be modified so as to produce him. A former economic epoch gave every advantage to the land-owner. From the peasant proprietor to the lord of the manor, the land-owner, in proportion to his holdings, had the best claim upon the social surplus and upon the results of collective advance in social life. In another economic epoch nearer to our own time this same advantage was enjoyed by the capitalist; the saver, the man who had his little pile stored away, whether in the spirit of the miser, of the money-lender or of the world-conqueror. It was the man with money to invest, or with his pile at interest, who reaped the rewards of industrial progress. We are entering an economic era, if indeed we are not already launched in it, when the type of man who is at an economic advantage is the man with foresight, good judgment, quick decision, and executive capacity. These qualities, in small degree or large, give one under present conditions the economic advantage. In so far as they are possessed by workmen the newer opportunities for their exercise by even the humblest manual toiler very largely compensate for the loss in individual freedom. The ethical imperative resting upon the corporations consists in the duty to keep open the doors of opportunity, and for every restriction of individual choice; for every specialization of individual effort; for every band of social cohesion which ties the workman to the interests of the corporation, to see that some new opportunity opens before him that will make of him more of a man, and put a premium upon the exercise of his higher faculties in

order that he be not reduced to a mere machine of flesh and blood. Many of the economic changes here indicated are necessary in the interests of industrial prosperity, but industrial prosperity itself will be of short duration unless the humanity, the intelligence and the character of the individual workman is appealed to by all the conditions under which he works. The interests of the corporation as well as the interests of the workman demand that this shall be done, and only in the doing of it is the reward sure and the future safe. The new outlook comprising the new problems which confront the individual workman, and on the solution of which his duties to himself, to his family and to society depend, is not a hopeless nor a discouraging one. Corporate greed and shortsightedness is less likely in the long run to prevail than the individual greed and shortsightedness of the individual capitalists who preceded the billion-dollar trusts. The trusts will have more collective wisdom and will therefore be more susceptible to the control of public opinion and of the economic conditions which determine their welfare. The shortsightedness is more likely to be on the side of the workman due to defective education. There is, therefore, the greater need that the ethical and moral forces of the community exert themselves in the training and preparation of the modern workman for his new opportunities as well as for his new responsibilities under the corporate control of industry.

SAMUEL McCUNE LINDSAY.

UNIVERSITY OF PENNSYLVANIA.